

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6780

BILL NUMBER: SB 237

NOTE PREPARED: Dec 29, 2012

BILL AMENDED:

SUBJECT: Rental Purchase Agreements.

FIRST AUTHOR: Sen. Holdman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: This bill makes several changes to the laws regarding rental purchase agreements.

This bill requires a lessor of a rental purchase agreement to disclose the price at which the lessor would have sold the property to the lessee for cash on the date the lessor and lessee entered into the rental purchase agreement for the property.

The bill allows a lessor, in connection with a rental purchase agreement, to charge a fee for rental payments made by telephone. The fee may only be charged if the following conditions are met:

- The fee is only assessed for payments made by telephone.
- The rental purchase agreement states there will be a fee for payments by telephone.
- The lessor provides methods to make rental payments that have no fee.
- The lessor posts a sign in a conspicuous place stating the application of the fee.
- The lessee may continue to employ payment methods without fees after making a payment by phone.
- The lessor's books and records provide an audit trail sufficient to confirm compliance.
- The fee is does not exceed \$5.

It provides that certain fees and charges relating to rental purchase agreements are subject to inflationary adjustments under the provisions for adjustment of dollar amounts except the base year is October 2012 not October 1971. The following is a list of the applicable fees:

- Non-refundable processing fees.

- Delivery fees.
- Rental payment pickup charges.
- Delinquent or late payment fees.
- Dishonored check fees.
- Liability waiver fees.
- Telephone payment fees.

The bill allows a lessee who fails to make timely rental payments to reinstate the original rental purchase agreement without losing any rights or options previously acquired under the rental purchase agreement if:

- After failing to make a timely rental payment, the lessee surrenders the property to the lessor not later than seven days after the date the lessor requests the property be surrendered.
- Not more than 180 days elapse after the date the lessee surrenders the property.

[The current law states that the lessee has to surrender the property promptly and that not more than 60 days may elapse after the date the lessee surrenders the property.]

This bill allows a lessor to conduct other business at the location that the lessor enters into rental purchase agreements. It establishes requirements for certain other businesses the lessor conducts at the location. It states that the purchase of goods and services provided by the lessor is not a condition for entering into rental purchase agreement, and the lessor can not require it from lessees or prospective lessees.

This bill provides that the total amount that may be recovered for a class action or series of class actions arising out of the same violation by the lessor may not be more than the lesser of \$500,000 or 1% of the net worth of the lessor.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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